

*This English translation is made for reference purposes only, and in the event of any discrepancies between the English version and the Japanese version, the Japanese version prevails.*

Securities Code: 5988

June 6, 2023

Start date of measures for electronic provision: June 5, 2023

To Our Shareholders:

145, 6-chome, Hanasaki-cho,  
Nishi-ku, Yokohama-shi,  
Kanagawa

**Piolax, Inc.**

Yukihiko Shimazu, President

## **Notice of the 107th Annual Meeting of Shareholders**

The Company would hereby like to inform you that the Company's 107th Annual Meeting of Shareholders will be held as described below.

You may exercise your voting rights in writing or via electromagnetic means (the Internet, etc.). We kindly request that you read the following Reference Document for the Annual Meeting of Shareholders and exercise your voting rights by no later than the close of business at 5:30 p.m. on Monday, June 26, 2023.

In convening this Annual Meeting of Shareholders, the Company has taken measures for providing information that constitutes the content of reference documents for the shareholders' meeting, etc., in electronic format (items for which the measures for providing information in electronic format will be taken), and has posted the information on the Company's website on the Internet. Please access the website by using the Internet address shown below to review the information.

- Company's website (<https://www.piolax.co.jp/en/shareholder/meeting/>)

In addition to the Company's website, the items for which the measures for providing information in electronic format will be taken have been posted on the website of Tokyo Stock Exchange (TSE) at the Internet address shown below.

Tokyo Stock Exchange's website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

(Please access the TSE website by using the internet address shown above, enter "Piolax" in "Issue name (company name)" or the Company's securities code "5988" in "Code," and click "Search." Then, click "Basic information" and select "Documents for public inspection/PR information." Under "Filed information available for public inspection," click "Click here for access" under "[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].")

Sincerely yours,

1. **Date:** 10 a.m. on Tuesday, June 27, 2023  
(Reception start: 9 a.m.)
2. **Venue:** Hall A, TKP Garden City PREMIUM Yokohama Station Shin-Takashima (Reception at Hall B)  
2nd Floor, Yokohama Grand Gate, 1-1 Minato Mirai 5-chome, Nishi-ku, Yokohama-shi, Kanagawa  
(Please note that the venue is different from last year's. Please see the "Map to the Venue of the Annual Meeting of Shareholders" at the end of this notice.)
3. **Purposes:**
  - Items to be reported:**
    1. The Business Report, the Consolidated Financial Statements and the Results of Consolidated Financial Statement Audits by the Accounting Auditor and the Audit and Supervisory Committee for the 107th business period (April 1, 2022 to March 31, 2023)
    2. The Non-Consolidated Financial Statements for the 107th business period (April 1, 2022 to March 31, 2023)
  - Items to be resolved:**
    - Agenda No. 1:** Appropriation of Retained Earnings
    - Agenda No. 2:** Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)
    - Agenda No. 3:** Partial Amendment and Extension of the Stock-based Compensation Plan for Directors
4. **Information on exercise of voting rights, etc.** Please see Information on Exercise of Voting Rights, etc. listed on Page 4.

- When you attend the meeting, we kindly request that you submit the voting form to the receptionist at the venue.
- If there are any revisions to the items for which the measures for providing information in electronic format will be taken, a notice to that effect as well as information before and after the revisions will be posted on the Company's website and TSE's website.
- Among the items for which the measures for providing information in electronic format will be taken, the following are not included in documents delivered to shareholders in accordance with the provisions of laws and regulations and Article 19 of the Articles of Incorporation of the Company.

-Notes to Consolidated Financial Statements

-Notes to Non-Consolidated Financial Statements

Accordingly, the information contained in paper-based documents to be delivered to shareholders represents part of the documents audited by the Audit and Supervisory Committee while preparing the audit report, and by the Accounting Auditor while preparing the accounting audit report.

## **Information on exercise of voting rights, etc.**

Voting rights at the Annual Meeting of Shareholders are valuable rights of our shareholders.

We kindly request you to read the following Reference Document for the Annual Meeting of Shareholders and exercise your voting rights.

You may exercise your voting rights by any of the following three methods.

### **If you exercise your voting rights in writing (by mail):**

Please indicate “for” or “against” on each agenda item on the voting form and return it by mail.

**Voting deadline:** must arrive by 5:30 p.m. on Monday, June 26, 2023

### **If you exercise your voting rights via the Internet, etc.:**

Please enter “for” or “against” on each agenda according to the guidance on the following page.

**Voting deadline:** must complete entries by 5:30 p.m. on Monday, June 26, 2023

### **If you attend the Annual Meeting of Shareholders:**

Please submit the voting form to the receptionist at the venue.

**Date:** 10 a.m. on Tuesday, June 27, 2023 (Reception start: 9 a.m.)

### Information on exercise of voting rights via the Internet, etc.

## How to enter your voting rights exercise code and password

Voting right exercise website: <https://www.web54.net>

1. Please access the voting right exercise site.

\*\*\* ようこそ、遠隔研修ウェブサイトへ! \*\*\*

- おサイのこのページでは、「[「遠隔研修ウェブサイト」の概要](#)」のページからご覧いただけます。ご質問、ご意見は、[お問い合わせ](#)のページより、お気軽にご連絡ください。
- 本サイトを閲覧する際は、Webブラウザをインストールしてください。

**次へすべて**

＜左の欄に移動＞

- [「はじめに」](#)のページから研修の概要や研修の目的や研修を受けることになるウェブサイトについてご覧ください。
- [「研修の概要」](#)のページから研修の目的や研修の目的や研修を受けることになるウェブサイトについてご覧ください。
- [「研修の概要」](#)のページから研修の目的や研修の目的や研修を受けることになるウェブサイトについてご覧ください。

Click “continue to the next.”

2. Please enter your voting rights exercise code listed on the voting form.

Enter your voting rights exercise code.

Click “Login.”

3. Please enter your password listed on the voting form.

[illegible]

Enter your initial password.

Set a new password that you will actually use.

Click “Register.”

- 4 Please enter “for” or “against” according to input guidance on the screen for the following.

\*Operation screen images are for illustration purposes only.

If you have any inquiries about the operation of a personal computer, a smartphone or a cellular phone regarding the exercise of voting rights via the Internet, please contact the number on the right-hand side:

Sumitomo Mitsui Trust Bank, Limited  
Stock Transfer Agency Web Support  
0120-652-031 (toll free, only in Japan)  
(Operating hours: 9:00 a.m. to 9:00 p.m.)

Institutional investors can utilize the electronic voting platform operated by ICJ, Inc.

# Reference Document for the Annual Meeting of Shareholders

## Meeting Agenda and Referential Matters

### Agenda No. 1: Appropriation of Retained Earnings

The Company follows the fundamental principle of returning profits upon taking into account capital efficiency while securing investment for growth that contributes to increasing the corporate value, because the Company regards appropriately returning profits to shareholders to be the most important management policy. The year-end dividend and other appropriations of retained earnings for the 107th business period are stated below.

#### 1. Year-end Dividend

##### (1) Type in which dividends are paid

Cash payment

##### (2) Allocation of dividends and total amount of dividends

The Company would like to disburse 57 yen per common share of the Company.

In this case, the total amount of dividends shall be 2,013,882,447 yen.

As a result, the dividends on an annual basis will be 100 yen per share including the interim dividends of 43 yen per share.

##### (3) Effective date on which dividends are disbursed from retained earnings

June 28, 2023

## Agenda No. 2: Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)

The term of office of all seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter the same applies in this agenda) will expire upon conclusion of this Annual Meeting of Shareholders. Accordingly, the Company hereby proposes the election of seven (7) Directors.

With respect to the agenda item, the Audit and Supervisory Committee of the Company deems all candidates to be appropriate as Directors of the Company.


The candidates for Directors are as follows.


Candidate No.	Name	Current position and responsibility, etc.	Attributes
1	Yukihiko Shimazu	President and Representative Director President Executive Officer Chairman of the Board of Directors CEO, Piolax (China) Co., Ltd.	Re-election
2	Michio Nagamine	Senior Managing Director Senior Managing Executive Officer Assistant to President	Re-election
3	Toru Suzuki	Director Senior Executive Officer Supervision of Sales Department, Design Department and Purchasing Department	Re-election
4	Shigeru Masuda	Director Senior Executive Officer Supervision of Production and Logistics Department and Quality Assurance Department President, P.M.T. INC.	Re-election
5	Masaaki Kaji	Director Senior Executive Officer Supervision of Administration Department, Information Technology Department, and affiliated companies General Manager, Human Resources Department President, Piolax (China) Co., Ltd. President & CEO, Dongguan Piolax Co., Ltd. President & CEO, Wuhan Piolax Co., Ltd.	Re-election
6	Hiroyuki Ochiai	Director President, Social Welfare Corporation <i>Toyota Hikari-no-sato</i>	Re-election External Independent
7	Makiko Akabane	Director Japan Representative, CSR Asia	Re-election External Independent


**Re-election** The candidates for Directors to be re-elected

**External** The candidate for External Director


**Independent** Independent Director in conformity with the regulation of the Stock Exchange

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)	Number of the Company's shares owned	Attendance at the Board of Directors meetings	Attendance at the Audit and Supervisory Committee
1	 <p>Yukihiro Shimazu (September 10, 1957) <b>Re-election</b></p>	<p>March 1981    Joined Piolax, Inc.  July 1999    General Manager, Overseas Sales Department, Piolax, Inc.  August 2001    President, Piolax Corporation  June 2005    Director, Piolax, Inc.  June 2006    Director  Executive Officer, Sales SBU  General Manager, Overseas Sales Department, Piolax, Inc.  April 2010    President and Representative Director, Piolax, Inc.  June 2016    <b>President and Representative Director, President Executive Officer, Piolax, Inc. (incumbent)</b></p> <p>(Responsibility)  Chairman of the Board of Directors  (Significant concurrent positions)  CEO, Piolax (China) Co., Ltd.</p>	<p>60,334</p> <p>(Of the above shares, the number of those to be issued under the share-based compensation system)  13,234</p>	18/18	
<p>Reason for the election of Director and Expected Role</p> <p>Mr. Yukihiro Shimazu has served as President and Representative Director of the Company since April 2010 up to the present and has expressed an excellent leadership for our domestic and overseas Company group under the slogan, "ONE PIOLAX," toward growth. He had undertaken the role of President of the U.S. subsidiary of the Company from August 2001 to May 2006, and currently has the concurrent position of CEO (Chairman) of Chinese-based general subsidiary of the Company, thus having made contributions to transforming the Company as a global entity.</p> <p>The Company expects that Mr. Shimazu will continue to make use of his abundant experience, considerable insight and extensive networks gained over the years to contribute to decision-making of the Board of Directors, and bring benefits for business development on a global scale, as well as improvement in the corporate value of the Company. Accordingly, the Company proposes that he be a candidate for Director.</p>					


Candidate No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)		Number of the Company's shares owned	Attendance at the Board of Directors meetings	Attendance at the Audit and Supervisory Committee
2	 Michio Nagamine (March 15, 1957) <div>Re-election</div>	April 1979	Joined Japan Development Bank (current Development Bank of Japan Inc.)	9,024  (Of the above shares, the number of those to be issued under the share-based compensation system) 9,024	18/18	
		June 2003	General Manager, Information Resources Department, Development Bank of Japan Inc.			
June 2007	Advisor, Piolax, Inc.					
July 2007	Advisor General Manager, ERP Promotion Department, Piolax, Inc.					
April 2008	Advisor General Manager, Purchasing Department, Piolax, Inc.					
June 2008	Director General Manager, Purchasing Department, Piolax, Inc.					
June 2012	Director General Manager, HR Office, Piolax, Inc.					
April 2013	Managing Director General Manager, HR Office, Piolax, Inc.					
April 2015	Managing Director, Piolax, Inc.					
June 2016	Managing Director, Managing Executive Officer, Piolax, Inc.					
June 2019	<b>Senior Managing Director, Senior Managing Executive Officer, Piolax, Inc. (incumbent)</b>					
	(Responsibility) Assistant to President					
<p>Reason for the election of Director and Expected Role</p> <p>Mr. Michio Nagamine served as Managing Director of the Company from April 2013 through June 2019 and contributed to the growth of the Company by undertaking roles as General Manager responsible for Planning and Administration, Purchasing, and Information Technology Departments, as well as operations of the affiliates of the Company”, and has expressed an excellent leadership for the Company group as Senior Managing Director since June 2019. He has gained considerable knowledge and insight in IT and finance through managerial jobs including the management of Development Bank of Japan Inc. prior to joining the Company in June 2007.</p> <p>The Company expects that Mr. Nagamine will continue to make use of his abundant experience, considerable insight and extensive networks gained over the years to contribute to decision-making of the Board of Directors, and bring benefits for business development on a global scale, as well as improvement in the corporate value of the Company. Accordingly, the Company proposes that he be a candidate for Director.</p>						

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)		Number of the Company's shares owned	Attendance at the Board of Directors meetings	Attendance at the Audit and Supervisory Committee
3	 <p>Toru Suzuki (March 1, 1962) <u>Re-election</u></p>	<p>March 1985    Joined Piolax, Inc. December    President, P.S.T. Inc. 2001</p> <p>April 2005    Manager, Moka Plant, Piolax, Inc. June 2008    Manager, Moka Plant, Piolax, Inc. President, P.M.T. Inc. June 2010    Executive Officer Manager, Fuji Plant, Piolax, Inc. President, P.M.T. Inc. June 2011    Managing Executive Officer Director Manager, Fuji Plant, Piolax, Inc. January 2014   Managing Executive Officer Director, Piolax, Inc. President, Dongguan Piolax Co., Ltd. President, Wuhan Piolax Co., Ltd. June 2016    Senior Executive Officer, Piolax, Inc. President, Dongguan Piolax Co., Ltd. President, Wuhan Piolax Co., Ltd. January 2019   Senior Executive Officer, Piolax, Inc. President, Dongguan Piolax Co., Ltd. President, Wuhan Piolax Co., Ltd. President, Shanghai Piolax Co., Ltd. June 2019    Director Senior Executive Officer Executive Officer, Sales SBU, Piolax, Inc. June 2021    <b>Director</b> <b>Senior Executive Officer,</b> <b>Piolax, Inc. (incumbent)</b> (Responsibility) Supervision of Sales Department, Design Department and Purchasing Department</p>		<p>14,535</p> <p>(Of the above shares, the number of those to be issued under the share-based compensation system)</p> <p>3,435</p>	18/18	
<p>Reason for the election of Director and Expected Role</p> <p>Mr. Toru Suzuki became Executive Officer of the Company in June 2010, and Director and the head of production, logistics and quality assurance in June 2011. In January 2014, he assumed the position of president of a subsidiary in China and then became Senior Executive Officer of the Company in conjunction with the Company's transition to a company with an audit and supervisory committee in June 2016. In January 2019, he assumed the office of president of the Chinese-based general subsidiaries and has extensive knowledge of China as the world's largest automobile market. Since June 2019, he has been serving as Director of the Company and contributing to the growth of the Company by, currently, undertaking the roles of supervising the Sales, Design and Purchasing departments. From December 2001 to March 2005, he served as president of P.S.T. Inc., a subsidiary specializing in presswork, and from June 2008 to May 2011, he assumed the position of president of P.M.T. Inc., a subsidiary specializing in metal-mold production. Through various positions including the above, he has been working on improving the corporate characteristics of the subsidiaries of the Company.</p>						


Candidate No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)	Number of the Company's shares owned	Attendance at the Board of Directors meetings	Attendance at the Audit and Supervisory Committee
	The Company expects that Mr. Suzuki will continue to make use of his abundant experience, considerable insight and extensive networks gained over the years to contribute to decision-making of the Board of Directors, and bring benefits for business development on a global scale, as well as improvement in the corporate value of the Company. Accordingly, the Company proposes that he be a candidate for Director.				


Candidate No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)	Number of the Company's shares owned	Attendance at the Board of Directors meetings	Attendance at the Audit and Supervisory Committee
4	<div></div> <div>Shigeru Masuda (August 12, 1963) <div>Re-election</div></div>	<div><div>March 1987</div><div>Joined Piolax, Inc.</div></div> <div><div>April 2004</div><div>General Manager, Production Engineering Department, Piolax, Inc.</div></div> <div><div>April 2006</div><div>Group Leader, Production Group, Fuel Parts SBU, Piolax, Inc.</div></div> <div><div>June 2010</div><div>Group Leader, Production Group, Fasteners SBU</div></div> <div><div>June 2011</div><div>Manager, Moka Plant, Piolax, Inc.</div></div> <div><div>June 2011</div><div>Executive Officer</div></div> <div><div>June 2011</div><div>Executive Officer, Open/Close Mechanism Parts SBU, Piolax, Inc.</div></div> <div><div>January 2014</div><div>Executive Officer</div></div> <div><div>January 2014</div><div>Executive Officer, Open/Close Mechanism Parts SBU</div></div> <div><div>January 2014</div><div>General Manager, Production Engineering Department, Piolax, Inc.</div></div> <div><div>June 2016</div><div>Senior Executive Officer</div></div> <div><div>June 2016</div><div>Executive Officer, Open/Close Mechanism Parts SBU</div></div> <div><div>June 2016</div><div>General Manager, Production Engineering Department, Piolax, Inc.</div></div> <div><div>June 2018</div><div>Senior Executive Officer</div></div> <div><div>June 2018</div><div>Executive Officer, Fasteners SBU</div></div> <div><div>June 2018</div><div>General Manager, Production Engineering Department, Piolax, Inc.</div></div> <div><div>August 2020</div><div>Director</div></div> <div><div>August 2020</div><div>Senior Executive Officer</div></div> <div><div>August 2020</div><div>Executive Officer, Fasteners SBU, Piolax, Inc. (incumbent)</div></div> <div><div>June 2022</div><div><b>Director</b></div></div> <div><div>June 2022</div><div><b>Senior Executive Officer, Piolax, Inc.</b></div></div> <div><div>June 2022</div><div><b>President, P.M.T. Inc. (incumbent)</b></div></div> <div><div>(Responsibility)</div><div>Supervision of Production and Logistics Department</div></div> <div><div>(Responsibility)</div><div>Supervision of Quality Assurance Department</div></div> <div><div>(Significant concurrent positions)</div><div>President, P.M.T. INC.</div></div>	22,554  (Of the above shares, the number of those to be issued under the share-based compensation system) 2,054	18/18	
<div>Reason for the election of Director and Expected Role</div> <div>Mr. Shigeru Masuda served as Executive Officer in charge of Open/Close Mechanism Parts SBU from June 2011, has held the positions of Senior Executive Officer and Fasteners SBU Executive Officer, as well as General Manager of the Production Engineering Department, since June 2018, and has been a Director of the Company since August 2020. In this way, he has contributed to the development of the Company group as the person in charge of supervision of the Production and Distribution Department as well as the Quality Assurance Department. He has also been serving as president of P.M.T. INC., a subsidiary specializing in metal-mold production since June 2022.</div>					

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)	Number of the Company's shares owned	Attendance at the Board of Directors meetings	Attendance at the Audit and Supervisory Committee
	<p>Through various positions including the above, he has been working on improving the corporate characteristics of the subsidiaries of the Company.</p> <p>The Company expects that Mr. Masuda will continue to make use of his abundant experience, considerable insight and extensive networks gained over the years to contribute to decision-making of the Board of Directors, and bring benefits for business development on a global scale, as well as improvement in the corporate value of the Company. Accordingly, the Company proposes that he be a candidate for Director.</p>				

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)		Number of the Company's shares owned	Attendance at the Board of Directors meetings	Attendance at the Audit and Supervisory Committee
5	 Masaaki Kaji (March 1, 1963) Re-election	April 1985      Joined Japan Development Bank (current Development Bank of Japan Inc.)  April 2005      Chief Representative, New York Office, Development Bank of Japan Inc.  June 2010      General Manager, Information Resources Department, Development Bank of Japan Inc.  April 2014      Joined Piolax Inc. June 2014      Advisor General Manager, ERP Promotion Department, Piolax Inc.  June 2016      Executive Officer General Manager, Human Resources Department General Manager, Global IT Department, Piolax, Inc.  June 2019      Senior Executive Officer, Piolax, Inc. President, Shanghai Piolax Co., Ltd. President, Dongguan Piolax Co., Ltd. President, Wuhan Piolax Co., Ltd.  December 2020      Senior Executive Officer, Piolax, Inc. CEO, Piolax (China) Co., Ltd. President, Dongguan Piolax Co., Ltd. President, Wuhan Piolax Co., Ltd. (incumbent)  June 2022 <b>Director, Senior Executive Officer,</b> <b>General Manager, Human Resources Department, Piolax, Inc.</b> <b>President, Piolax (China) Co., Ltd.</b> <b>President &amp; CEO, Dongguan Piolax Co., Ltd.</b> <b>President &amp; CEO, Wuhan Piolax Co., Ltd. (incumbent)</b>  (Responsibility) Senior Executive Officer Supervision of Administration Department, Information Technology Department, and affiliated companies (Significant concurrent positions) CEO, Piolax (China) Co., Ltd. President, Dongguan Piolax Co., Ltd.		-	0	14/14

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)	Number of the Company's shares owned	Attendance at the Board of Directors meetings	Attendance at the Audit and Supervisory Committee
		President, Wuhan Piolax Co., Ltd.			
	<p>Reason for the election of Director and Expected Role</p> <p>Mr. Masaaki Kaji took office as Executive Officer of the Company in June 2016 to assume the responsibility for the Human Resources and IT divisions. In June 2019 he took office as Senior Executive Officer to lead sales promotional activities as a person in charge of China, which is the largest automobile market. He has been a Director of the Company since June 2022, thereby contributing to the development of the Company group as the person in charge of the Administration Department, Information Technology Department, and affiliated companies. Prior to joining the Company, he worked in corporate credit and other divisions at Development Bank of Japan Inc., and also served as a management executive after having worked in the U.S., to be thoroughly familiar with corporate management, IT, and finance matters.</p> <p>The Company expects that Mr. Kaji would make use of his abundant experience, considerable insight and extensive networks gained over the years to contribute to decision-making of the Board of Directors, and continue to bring benefits for business development on a global scale, as well as improvement in the corporate value of the Company. Accordingly, the Company proposes that he be a candidate for Director.</p>				

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)	Number of the Company's shares owned	Attendance at the Board of Directors meetings	Attendance at the Audit and Supervisory Committee
6	 <p>Hiroyuki Ochiai (October 24, 1956)</p> <div> <div>Re-election</div> <div>External</div> <div>Independent</div> </div>	<p>April 1979      Joined Toyota Motor Co., Ltd</p> <p>June 2008      Managing Officer, Toyota Motor Corporation</p> <p>July 2008      Executive Vice President, Toyota Motor Europe S.A./N.V.</p> <p>April 2012      General Manager, Kamigo Plant and Shimoyama Plant, Toyota Motor Corporation</p> <p>June 2013      Representative Director and President, FTS Co., Ltd.</p> <p>July 2013      Executive Director, Aichi Employers' Association (incumbent)</p> <p>March 2018      Board Member, The Chubu Association of Corporate Executives (incumbent)</p> <p>June 2022      <b>External Director, Piolax, Inc. (incumbent)</b></p> <p>October 2022      <b>President, Social Welfare Corporation Toyota Hikari-no-sato (incumbent)</b></p> <p>(Significant concurrent positions) President, Social Welfare Corporation <i>Toyota Hikari-no-sato</i></p>	-		14/14
<p>Reason for the election of External Director and Expected Role</p> <p>After taking office as Managing Officer of Toyota Motor Corporation in June 2008, Mr. Hiroyuki Ochiai served as EVP at Toyota Motor Europe S.A./N.V. and General Manager of Kamigo Plant and Shimoyama Plant, and took office as President of FTS Co., Ltd. in June 2013.</p> <p>He assumed public offices such as Executive Director of Aichi Employers' Association and Board Member of the Chubu Association of Corporate Executives and has assumed the office of president of Social Welfare Corporation <i>Toyota Hikari-no-sato</i> since June 2022, in addition to having worked in Europe as a management executive, to gain extensive experience in and knowledge on management beyond the automobile industry. He has also been serving as External Director of the Company (incumbent) since June 2022.</p> <p>The Company expects that Mr. Ochiai will make use of his abundant experience, considerable insight, and extensive networks gained over the years to contribute to decision-making at the Board of Directors and bring benefits for business development on a global scale, and improvement in the corporate value of the Company. He also satisfies the independence criteria as External Director of the Company. Accordingly, the Company proposes that he be a candidate for External Director.</p>					

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)	Number of the Company's shares owned	Attendance at the Board of Directors meetings	Attendance at the Audit and Supervisory Committee
7	 <p>Makiko Akabane (November 21, 1969)</p> <p>Re-election External Independent</p>	<p>April 1993      Joined the Mitsubishi Bank, Ltd.</p> <p>January 2001    Environment Project Team, Public Relations, Starbucks Coffee Japan, Limited</p> <p>August 2003    General Manager, Social Contribution Department, Salesforce.com, Co., Ltd.</p> <p>November 2006   General Manager, CSR Office, Nikko Asset Management Co., Ltd.</p> <p>April 2010      <b>Japan Representative, CSR Asia kabushiki-kaisha (incumbent)</b></p> <p>June 2022      <b>External Director, Piolax Inc. (incumbent)</b></p> <p>(Significant concurrent positions)</p> <p>Japan Representative, CSR Asia kabushiki-kaisha (incumbent)</p>	-		14/14
<p><b>Reason for the election of External Director and Expected Role</b></p> <p>Ms. Makiko Akabane served as the manager of the Environment Project Team, Public Relations, of Starbucks Coffee Japan, Limited since January 2001, General Manager of Social Contribution Department, Salesforce.com, Co., Ltd. since 2003, and General Manager of CSR Office, Nikko Asset Management Co., Ltd. since November 2006, and has been acting as Japan Representative, CSR Asia kabushiki-kaisha (incumbent) since April 2010. She gives lectures at the Ministry of Environment, World Bank, universities and others as an expert on sustainability, and provides third-party opinions and guidance on CSR reports issued by companies to lead sustainability and CSR initiatives in the Japanese business circle. She has also been serving as External Director of the Company (incumbent) since June 2022.</p> <p>The Company expects that Ms. Akabane will make use of her abundant experience, considerable insight, and extensive networks gained over the years to contribute to decision-making at the Board of Directors and bring benefits for improvement in non-financial value for promoting ESG management at the Company. She also satisfies the independence criteria as External Director of the Company. Accordingly, the Company proposes that she be a candidate for External Director.</p>					

Notes:

1. Resolutions in writing are not included in attendance at the Board of Directors meetings for each candidate.
2. There are no special conflicts of interests between the candidates and the Company.
3. Mr. Hiroyuki Ochiai and Ms. Makiko Akabane are the candidates for External Directors.
4. Mr. Hiroyuki Ochiai and Ms. Makiko Akabane currently serve as External Director of the Company, and their tenure as External Director will have been one year upon the closure of the Annual Meeting of Shareholders.
5. The Company has entered into a contract with Mr. Hiroyuki Ochiai and Ms. Makiko Akabane to limit the liability for damages prescribed in Article 423, Paragraph 1 of the Companies Act in accordance with the provision of Article 427, Paragraph 1 thereof. The limited amount of liability under such contracts is the amount stipulated in laws and regulations. Provided that their re-election is approved, the Company plans to continue the said contracts.
6. The Company has entered into directors and officers liability insurance with an insurance company based on the provisions of Article 430-3, paragraph 1 of the Companies Act to cover damage that the insured, including Directors of the Company and eligible subsidiaries, may be liable for. (However, excluding cases that were caused by intention and grave negligence.) The Company is responsible for paying the premium in full, and the insured are effectively not subject to payment. Provided that each candidate is elected and takes office, they will become insured. The Company plans to renew the insurance with the same terms and conditions before it expires.
7. Mr. Hiroyuki Ochiai and Ms. Makiko Akabane satisfy the requirements for independent directors as per the regulations of Tokyo Stock Exchange, Inc. The Company plans to continue to designate them as Independent Directors provided that they are elected as Directors.

### **Agenda No. 3: Partial Amendment and Extension of the Stock-based Compensation Plan for Directors**

#### **1. Reason for proposal and rationale for the compensation**

Remuneration of Directors (excluding Directors who are External Directors or Audit and Supervisory Committee Members) of the Company consists of “basic remuneration” and a “bonus,” as well as “stock-based compensation” which was introduced with approval by the shareholders at the 101st Annual Meeting of Shareholders held on June 28, 2017 (hereinafter the “Previous Resolution by General Meeting of Shareholders”) as a stock-based compensation plan using a trust (hereinafter the “Plan”). Under this agenda item, the Company proposes to partially amend and extend the term of the Plan.

The Company also asks you to leave the specifics of the amendment to the discretion of the Board of Directors within the scope described in 2 below.

Designed to clearly link Directors’ remuneration with the Company’s stock value, the Plan allows Directors to not only receive the benefits of a stock price increase but also share the risks associated with a fall in the stock price. The Plan was introduced with the aim of motivating them to enhance the Company’s performance and corporate value over the medium to long run, by allowing Directors to share the benefits and risks of stock price fluctuations on an equal footing with shareholders. By adding the element of linkage with performance during the period of the Medium-term Management Plan, the Plan will aim to further incentivize Directors to achieve performance targets and sustainable improvement of the corporate value.

Remuneration under the Plan after amendment shall be in addition to the remuneration limit set for Directors (excluding Directors who are Audit and Supervisory Committee Members) (up to 250 million yen per year; however not including salary paid as an employee) that was approved at the 100th Annual Meeting of Shareholders held on June 28, 2016. Further, Directors (excluding Directors who are External Directors or Audit and Supervisory Committee Members; hereinafter the same applies in this agenda item) who will be in office during three (3) business years from the business year ending on March 31, 2024, to the business year ending on March 31, 2026 (hereinafter the “Plan Period”) shall be eligible for the remuneration under the Plan after amendment under this agenda item (however, the Plan Period may be extended as described below).

An outline of the policy for determining the details of remuneration, etc. for individual Directors of the Company is as described in “(v) Remuneration, etc. for Directors,” in “(3) Company Officers” of the Business Report and, provided that this agenda item is approved, the meeting of the Board of Directors held on May 12, 2023, resolved that such details be amended as stated in this agenda item. Since the details of this agenda item are necessary and reasonable to pay remuneration, etc. in line with the said policy after amendment, the details of this agenda item have been judged rational.

Once “Agenda No. 2: Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)” is approved as drafted, the number of Directors who are eligible for the Plan will be 5 (five).

The Audit and Supervisory Committee confirmed that, after reviewing this agenda item, it found no areas in need of particular criticism.

\* If this agenda item is approved as drafted, the Company plans to introduce a similar performance-linked stock-based compensation plan for its Executive Officers.

## 2. Amount and specifics of remuneration, etc. to be paid under the Plan

In extending the term of the Plan, the current specifics of the Plan will be partially amended. The amount and specifics of remuneration, etc. in relation to the Plan after amendment are as below.

### (1) Overview of the Plan

The Plan is a stock-based compensation plan under which a trust created using the money contributed by the Company (already created at the time of the introduction of the Plan in 2017; hereinafter the “Trust”) acquires the Company’s shares. These shares will be granted to eligible Directors through the Trust in a quantity equivalent to the number of points the Company will have awarded them.

As a general rule, such shares will be granted to Directors upon their retirement.

(i) Eligible persons for the Plan	Directors (excluding Directors who are External Directors or Audit and Supervisory Committee Members) of the Company
(ii) Plan Period	From the business year ending on March 31, 2024, to the business year ending on March 31, 2026
(iii) Maximum amount of money to be contributed by the Company as funds to acquire the Company’s shares necessary to be granted to eligible persons in (i) for the Plan Period of three business years in (ii)	160 million yen in total*
(iv) Method of acquiring the Company’s shares	To acquire via disposal of treasury shares or through the stock market (including off-floor trading)
(v) Maximum number of points to be awarded to eligible persons in (i)	Up to 60,000 points per business year
(vi) Criteria for awarding points	To award points according to position, the degree of achievement of performance targets, and others
(vii) Timing of granting the Company’s shares to eligible persons in (i)	Upon retirement as a general rule

\* If this agenda item is approved as drafted, no additional deposit of money by the Company to the Trust pursuant to the Previous Resolution by General Meeting of Shareholders will be made. However, money that was deposited by the Company in the past and is remaining in the Trust may be used as funds to acquire the Company’s shares to be granted to Directors pursuant to the Plan after amendment.

### (2) Maximum amount of money to be contributed by the Company

In addition to extending the duration of the Trust already established, the Company will additionally contribute up to 160 million yen in total to the Trust as remuneration for Directors during the Plan Period. The money will be used to acquire the necessary number of the Company’s shares to be granted to Directors under the Plan. The Trust will use the money deposited by the Company (including any money remaining in the Trust before the additional deposit, in addition to the money to be additionally deposited by the Company as above) as the source of funds to acquire the Company’s shares either via disposal of its treasury shares or through the stock market (including off-floor trading).

\* The actual amount of money to be additionally deposited to the Trust by the Company will

be the sum of the above-mentioned funds used to acquire shares and for the estimated amount of necessary expenses, including a trust fee and a trust administrator fee.

The Company's Board of Directors may resolve to retain the Plan by extending the Plan Period for up to five business years as determined each time and, as a result, further extending the trust period of the Trust (including a case where the trust period is effectively extended by transferring the trust assets of the Trust to a trust created by the Company for the purpose identical to that of the Trust; hereafter the same applies). In such a case, the Company will additionally deposit money to the Trust in an amount up to 80 million yen multiplied by the number of business years during the extended portion of the Plan Period as funds for acquiring additional shares of the Company to be granted to Directors under the Plan during the said extended portion of the Plan Period, and will continue awarding points and granting the Company's shares as described in (3) below.

Further, even in the case where the Company does not continue the Plan due to not-extending the Plan Period as above, if there is any Director who has been awarded points but has not yet retired upon expiration of the trust period, the Company may extend the period of the Trust until he/she retires and has been granted the Company's shares in full.

There may be cases where the Company's shares that have been acquired by the Trust for the Plan prior to the amendment will be granted by the Trust to a Director as granting under the Plan after amendment.

- (3) Method of calculating the number of shares to be granted to Directors and the upper limit
- (i) Method of awarding points to Directors and maximum number of points to be awarded, etc.

Pursuant to the stock grant rules stipulated by the Board of Directors, the Company will award points to Directors at a point awarding date as provided in the stock grant rules during the trust period. The number of points to be awarded will be calculated according to the position held by each Director and the degree of achievement of the performance targets under the Medium-term Management Plan (planning to use 'net income' and 'ROE' for the first year), among other things.

The total number of points the Company will award to Directors in each business year will not exceed 60,000.

- (ii) Granting of the Company's shares according to the number of points awarded

In accordance with the procedures described in (iii) below, eligible Directors will be granted the Company's shares in the quantity corresponding to the number of points awarded to them pursuant to (i) above. However, in cases such as where a Director retires for personal reasons, all or some of the points awarded shall be forfeited and the Director shall not be granted the Company's shares corresponding to the points forfeited.

One point shall correspond to one share of the Company; provided, however, that in the event of a share split, reverse share split, or any other cause for which it would be considered reasonable to adjust the number of the Company's shares to be granted, the said number of shares per point will be adjusted to the extent reasonable depending on the split or reverse split ratio, etc.

- (iii) Granting of the Company's shares to Directors

Each eligible Director will acquire the beneficiary interests of the Trust by following the prescribed procedures upon his/her retirement, and will be granted the Company's shares (including the Company's shares corresponding to the points awarded under the Plan prior to the amendment) as described in (ii) above by the Trust as a beneficiary of the Trust.

An eligible Director may receive a certain percentage of these shares in money in lieu of shares after they are sold and converted into cash by the Trust for the purpose of the

Company withholding income taxes, etc. An eligible Director may also receive money instead of shares if the Company's shares held in the Trust have been sold through a takeover bid, or in other circumstances where the Company's shares held in the Trust have been converted into cash.

(4) Exercise of voting rights

In accordance with the instructions of the trust administrator who will be independent of the Company and its Directors, the voting rights associated with the shares held in the Trust shall not be exercised without exception. This will assure the neutrality of the Company's management in relation to exercising voting rights associated with these shares.

(5) Handling of dividends

Dividends for the Company's shares held in the Trust will be received by the Trust and will be used to pay for the acquisition of the Company's shares, trustee fees payable to the trustee of the Trust, etc.

For Your Reference:

The policy on the determination of the details of Directors' remuneration, etc. was revised at the meeting of the Board of Directors held on May 12, 2023, as follows.

(Fundamental philosophy of Directors' remuneration)

It should allow superior and talented people to be secured and retained;

It should promote initiatives for increasing the corporate value; and

It should facilitate sharing interests with shareholders.

- The level of Directors' remuneration of the Company is set after confirming the levels of other companies in business size similar to the Company's based on directors' remuneration data provided by external research agencies.
  - Remuneration of Executive Directors consists of basic remuneration, cash bonus as a short-term incentive, and performance-linked stock compensation as a long-term incentive, designed to provide incentives for growth over the medium term in addition to sustainable improvements in performance each fiscal year.
  - External Directors and Directors who are Audit and Supervisory Committee Members, both of whom are independent from business execution, are paid basic remuneration only.
  - The policy for determining Directors' remuneration and remuneration paid to Directors each year are decided by the Board of Directors after discussions at the Nomination and Remuneration Advisory Committee. In addition, the level of remuneration for Directors who are Audit and Supervisory Committee Members is determined by the Audit and Supervisory Committee after discussions at the Nomination and Remuneration Advisory Committee.
  - The said Advisory Committee is comprised of Executive Directors, External Directors, and Directors who are Audit and Supervisory Committee Members, with a majority of the members being Independent Outside Directors.
  - There is no retirement benefit plan for Directors and Directors who are Audit and Supervisory Committee Members.
- a. Policy for basic remuneration
- The amount of basic remuneration is determined based on the role and position of each Director and paid monthly as fixed remuneration.
  - The level of remuneration is determined in reference to directors' remuneration data provided by external research agencies.
- b. Policy for performance-linked compensation, etc.
- In order to strengthen the linkage between the Company's performance and Directors' remuneration, it shall be determined based on four indicators; actual result vs. the plan at the

beginning of the year (to be disclosed at the beginning of the year) and a comparison against the previous year's result, using consolidated operating profit as a performance indicator, and actual result vs. the plan at the beginning of the year (disclosed in the Medium-term Management Plan) and a comparison against the previous year's result, using non-consolidated operating profit as a performance indicator. The degree of achievement shall be 100% when the target performance is achieved, and vary within the range of 0 to 150%.

- The amount of awarding when the target performance is achieved shall be roughly 33 to 35% of the fixed remuneration.
- The amount of awarding each year is decided by the Board of Directors after discussions at the Nomination and Remuneration Advisory Committee.

c. Policy for non-monetary compensation, etc.

- Performance-linked stock compensation is paid with the aim of providing increased motivation to help enhance the Company's performance and corporate value over the medium to long run and increasing awareness of shareholder-focused management, by strengthening the linkage between Directors' remuneration with the Company's stock value to share not only the benefits of a stock price increase but also the risks associated with a fall in the stock price with the shareholders.
- Share points are awarded each fiscal year during a period from each Director's taking office to his/her retirement as Director, and accumulated points are converted into shares and delivered to her/him upon retirement. Stock compensation consists of fixed and variable portions; the fixed portion (50%) is pre-determined based on the position whereas points are awarded according to the degree of achievement of performance targets (ROE and net income) (the rate of performance-linked payout) for the variable portion (50%). The degree of achievement shall be 100% when the target performance is achieved, and vary within the range of 0 to 150%.
- Stock compensation is paid upon retirement as Director in order to continue to incentivize the Director while (s)he is in office.
- The rights are awarded by no later than the end of June following a general meeting of shareholders each year, and the amount of awarding is calculated based on the position during a business year immediately preceding the meeting.
- The amount of rights to be awarded for stock compensation shall be roughly 33 to 35% of the fixed remuneration.
- The amount of awarding each year is decided by the Board of Directors after discussions at the Nomination and Remuneration Advisory Committee.

d. Policy for the ratio of remuneration, etc.

- Directors' remuneration of the Company consists of basic remuneration, cash bonus as a short-term incentive, and performance-linked stock compensation as a long-term incentive, and the ratio of each component is roughly 60% to 20% to 20% when the target performance is achieved.

[Reference]

### **Basic policy for election of candidates for Director**

The Company, following the slogan of “Pioneer in Creating Elasticity”, aspires to be a development/creation-oriented enterprise that makes great use of the “elasticity” of raw materials as the core technology in the automotive, medical, life-related, and other industries. Having already expanded into the global market centering on the U.S. and Asia, the Company sets an eye on the new movements of the automotive industry represented by “CASE,” and is determined to aggressively deepen and expand its business domain and aims at the sustainable growth and the medium to long-term enhancement of corporate value through incorporating “ESG” into its corporate management. Based on this basic policy, the Company has set forth the election criteria for candidates for Director.

### **Procedure for election of candidates for Director**

In appointing candidates for Director, the Nomination and Remuneration Advisory Committee will make a proposal to the Board of Directors, and the Board of Directors will deliberate, decide on the proposal of the Nomination and Remuneration Advisory Committee, and submit an agenda item for election of Directors to a general meeting of shareholders.

### **Independence criteria for External Director**

The Company has formulated the “independence criteria for External Director” and will select Independent Directors who do not fall under any of the following items to lack independence.

- (1) Any person who currently belongs or at any point in the past has belonged to the Company, subsidiaries, and affiliates as one who executes business
- (2) Any person who currently belongs to an organization, such as a corporation of which the Company is a main shareholder, as one who executes business
- (3) Any person who currently belongs to an organization, such as a corporation of which the Company is a main shareholder or one that is a main shareholder of the Company, as one who executes business
- (4) Any person who currently is a main business partner of the Company or to whom the Company is a main business partner (in the case of an organization, such as corporations, any person who currently belongs to that organization and executes business.)
- (5) Any person who currently is a main lender or an important creditor to the Company (in the case of an organization, such as corporations, any person who currently belongs to that organization and executes business.)
- (6) Any person who currently is the accounting auditor of the Company or a certified public accountant who is the accounting advisor to the Company or currently belongs to the accounting firm of the Company
- (7) Any person who currently receives a large amount of compensation through providing legal, financial, tax and other professional services or consulting to the Company (in the case of an organization, such as corporations, any person who currently belongs to that organization)
- (8) Any person who currently receives a large amount of donations from the Company (in the case of an organization, such as corporations, any person who currently belongs to that organization)
- (9) Any person who has been External Director whose number of years in office exceeds the period stipulated by the Company
- (10) Any person who falls under any of (2) to (8) above in the past five years.
- (11) Any person who has a special reason that may be judged as likely to cause a conflict of interest with general shareholders, notwithstanding the provisions of the preceding paragraphs.

#### **Notes:**

- 1: Main shareholder: A shareholder who has 10% or more of the total voting rights
- 2: Main business partner: A business partner whose transactions with the Company total a monetary amount exceeding 2% or more of the consolidated net sales of the Company
- 3: Main lender (other large creditor): A lender whose lending exceeds 2% or more of the total consolidated assets of the Company (Large creditor)
- 4: Large amount of compensation: A monetary amount exceeding an annual 10 million yen in average in the past three fiscal years.
- 5: Large amount of donations: A monetary amount exceeding an annual 10 million yen in the past fiscal year
- 6: Number of years in office: The tenure for External Director who is not an Audit and Supervisory Committee Member and who is an Audit and Supervisory Committee Member is six years and 12 years, respectively.

[Reference] The structure of the Board of Directors after Agenda No. 2 has been approved

If Agenda No. 2 is approved as it is proposed, the structure of the Board of Directors at the close of the Annual General Meeting of Shareholders will be as below:

	Name	Independence	Gender	Tenure as Director	Position at the Company (Planned)
Re-election	Yukihiko Shimazu		Male	18 years	President and Representative Director
Re-election	Michio Nagamine		Male	15 years	Senior Managing Director
Re-election	Toru Suzuki		Male	9 years	Director
Re-election	Shigeru Masuda		Male	2 years and 10 months	Director
Re-election	Masaaki Kaji		Male	1 year	Director
Re-election	Hiroyuki Ochiai	Independent Director	Male	1 year	External Director
Re-election	Makiko Akabane	Independent Director	Female	1 year	External Director
	Genichi Ishikawa		Male	1 year	Director Full-time Audit and Supervisory Committee Member
	Kenichi Asano	Independent Director	Male	7 years	External Director Audit and Supervisory Committee Member
	Sakae Komiyama	Independent Director	Female	2 years and 10 months	External Director Audit and Supervisory Committee Member

- \*1. The tenure of each Director is described as the total number of years in office regardless of their titles.
2. Mr. Kenichi Asano has been an officer of the Company who does not execute business (an Auditor) in the past.
3. Ms. Sakae Komiyama worked at the predecessor (EY Ota Showa Audit Corporation) of Ernst & Young ShinNihon LLC, the Accounting Auditor of the Company, in the past. However, she was not in charge of the Company while in office, and a reasonable number of years passed since she resigned from EY Ota Showa Audit Corporation in 2014. Accordingly, she is judged to be independent in light of the Company's independence criteria.

[Reference] Skill matrix of the Board of Directors after Agenda No. 2 has been approved

If Agenda No. 2 is approved as it is proposed, the skill matrix of the Board of Directors at the close of the Annual General Meeting of Shareholders will be as below:

Position at the Company (Planned)	Name	Corporate management	Sales/marketing	Technology/development	Manufacturing/quality	Finance/accounting	Legal/risk management	Global business	ESG/sustainability	DX/IT	Innovation/new business
President and Representative Director	Yukihiko Shimazu	●	●					●	●		●
Senior Managing Director	Michio Nagamine	●				●			●	●	
Director	Toru Suzuki	●	●		●			●			
Director	Shigeru Masuda			●	●					●	
Director	Masaaki Kaji	●				●		●		●	
External Director	Hiroyuki Ochiai	●			●			●	●		
External Director	Makiko Akabane	●							●		
Director	Genichi Ishikawa	●				●		●			
Full-time Audit and Supervisory Committee Member	Kenichi Asano						●				
External Director	Sakae Komiyama					●					